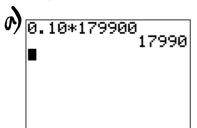
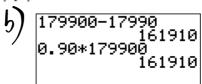
HOMEWORK... Questions

p. 530: #4, #7-10, 13, (15), 16, (17)

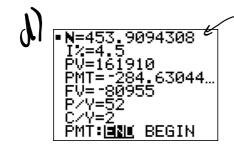
N=total # of payments [compounded x term]
I%= interest rate [enter as a %]
PV=loan amount [subtract down payment if given]
PMT=payment amount [negative #]
FV= set equal to zero...pay loan off after end of term
P/Y=number of payments per year
C/Y= compounding period per year
PMT: BEGIN

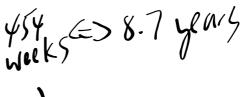
- 7. Sara and Sylvie have found a small house in the St. Norbert neighbourhood of Winnipeg. They can buy the house for \$179 900. After negotiating with their bank, they have been offered a mortgage for 90% of the cost at 4.5% compounded semi-annually, with regular weekly payments for 15 years.
 - a) How much will the down payment be?
 - b) How much will the principal of the mortgage be?
 - c) What will the regular payment amount be?
 - d) How long will it take before they have paid off half the loan?
 - e) How much interest will they pay in all?

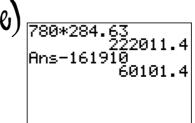










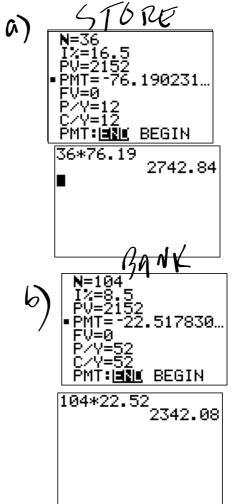


 For the upcoming season, Mike plans to buy a new biathlon rifle that costs \$2152.

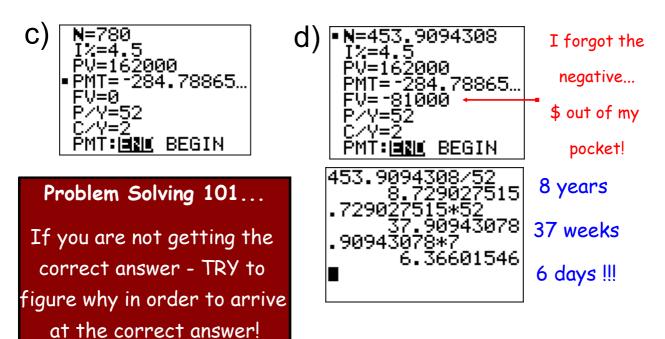


- The sporting goods store has offered to finance the purchase at 16.5%, compounded monthly, for a term of 3 years with payments at the end of each month.
- Mike could also borrow the money from a bank at 8.5%, compounded weekly, for a term of 2 years with weekly payments.
- a) How much would the rifle cost if he financed it through the store?
- b) How much would the rifle cost if he financed it through the bank?
- c) What is the difference in the amount of interest that Mike would pay for the two loans?
- d) What features of the loan from the sporting goods store might encourage Mike to choose it over the bank loan?

() 2742.84-2152 590.84 2342.08-2152 190.08 590.84-190.08 400.76



This one is for you Jacob...since you asked???



9.2

Exploring Credit Card Use

GOAL PAGE 536

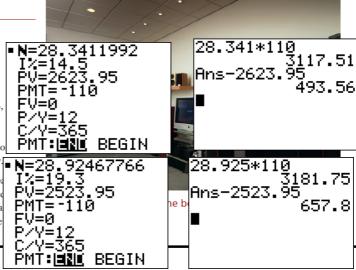
Compare credit options that are available to consumers.

EXPLORE the Math

Jayden saw the new sound system he wanted on sale for \$2623.95, including taxes. He had to buy it on credit and had two options:

- Use his new bank credit card, which has an interest rate of 14.5%, compounded daily. (Because this credit card is new, he has no outstanding balance from the previous month.)
- Apply for the store credit card, which offers an immediate rebate of on the price but has an interest rate of 19.3%, compounded daily.

As with most credit cards, Jayden would not pay any interest if he pathe balance before the due date on his first statement. However, Jayde cannot afford to do this. Both cards require a minimum monthly path of 2.1% on the outstanding balance, but Jayden is confident that he make regular monthly payments of \$110.



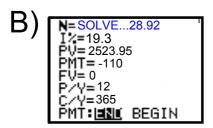
Solution is given below.

With TVM-Solver...



He pays...

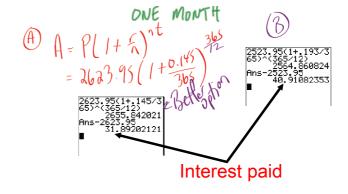
28.34 x 110 = \$3117.40 BETTER OPTION



He pays...

28.92 x 110 = \$3181.20

By hand...



In Summary

PAGE 536

Copy highlighted information into your notes titled 'Credit Cards'

Key Ideas

- Incentives or promotions are sometimes offered to entice people
 to use credit cards. For example, an immediate cash rebate may be
 offered on the first purchase using a credit card. Low interest rates,
 rewards, or no annual fees may also be offered.
- The full cost of borrowing should be considered before making a
 decision about using a credit card. This includes the total interest
 charged, as well as the total payments and the time it will take to pay
 off the balance.

Need to Know

- Credit cards usually have a minimum amount that must be paid each month, based on a percent of the outstanding balance. If there is no outstanding balance from the previous month and the new balance is paid off in full by the payment due date, no interest is charged.
- If a credit card does not have an outstanding balance and it is used for a single purchase, it can be treated as a loan. The purchase price is the principal borrowed, and regular payments can be made until the balance is paid off.
- The cost of using credit is not just the amount of interest charged.
 There are incentives, such as cash rebates, that reduce the principal.
 This may end up costing more in interest but result in a lower total loan payment amount.

HOMEWORK...

Use the TVM-Solver for each of the following...

p. 538: #1 - 4

NOTE: Have screenshots ready if not done!

Cash Rebate - \$ given back at the end of fixed amount of time...can be used towards paying off a purchase